

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF THE UNION LIGHT,)	CASE NO. 9029-W
HEAT AND POWER COMPANY)	

O R D E R

On October 24, 1984, the Commission issued its Order in Case No. 9029 approving certain rates and providing for adjustments of these rates on a quarterly basis in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On May 1, 1990, The Union Light, Heat and Power Company ("ULH&P") filed its quarterly gas cost adjustment which is to become effective June 1, 1990 to remain in effect until September 1, 1990.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

(1) ULH&P's notice of May 1, 1990 set out certain revisions in rates which ULH&P proposes to place into effect, said rates being designed to pass on to its customers the expected wholesale decrease in gas costs from its suppliers in the amount of 7.8 cents per Mcf including take-or-pay billings. ULH&P's expected gas cost ("EGC") is \$2.878 per Mcf, which includes a take-or-pay recovery component of 8.7 cents per Mcf.

(2) ULH&P's notice set out a total refund adjustment of 11.9 cents per Mcf. This adjustment returns to its customers remaining refunds from previous quarters with no current quarter refunds. The change in the total refund adjustment from the previous to the current GCA filing results in a .3 cent per Mcf increase in ULH&P's retail rates.

(3) ULH&P's notice set out a current quarter actual adjustment in the amount of (6.0) cents per Mcf to compensate ULH&P for over-recovery of gas cost through the operation of its gas cost recovery procedure during the months of December 1989 and January and February 1990. The total actual adjustment of 22.7 cents per Mcf, which is designed to correct the current over-collection, as well as under- and over-collections from three previous quarters, results in a 30.2 cent per Mcf increase in ULH&P's retail rates.

In its Order in Case No. 9029-M¹, the Commission ordered ULH&P to provide detailed support for its actual adjustment and expected gas cost in all future GCA filings. In each successive case, this information has been filed until the instant case, in which ULH&P filed neither the current spot prices on which part of its EGC is based nor detailed support for its actual adjustment as ordered in Case No. 9029-M.

¹ Case No. 9029-M, Purchased Gas Adjustment Filing of The Union Light, Heat and Power Company, Order dated January 5, 1988.

ULH&P provided an average of producer prices which it used in its estimate of expected gas cost. Since the time that the Commission ordered ULH&P to supply this information in greater detail, it has accepted average producer or spot gas prices from other utilities for expected gas cost and will do so in ULH&P's future GCA filings.

The Commission will, however, continue to require ULH&P to file support for its actual adjustment in the same detail as it has filed in the past. The Commission has the statutory authority, pursuant to KRS 278.274 to review a gas utility's purchasing practices in determining reasonableness of proposed rates. ULH&P should file the actual adjustment support required by the Order in Case No. 9029-M, along with a petition for confidentiality pursuant to 807 KAR 5:001, Section 7, if ULH&P so desires. The information filed should show each source of supply and its associated cost.

(4) ULH&P's notice set out a current quarter balance adjustment in the amount of (.2) cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. The total balance adjustment of (3.9) cents per Mcf, which reflects the current as well as the three previous balance adjustments, results in a 1.5 cent per Mcf decrease in ULH&P's retail rates.

(5) The combined effect of the above adjustments is ULH&P's gas cost recovery rate for exempt customers in the amount of \$2.947 per Mcf, which is an increase of 21.2 cents per Mcf from the previously authorized rate.

(6) ULH&P's adjustment in rates contained in the Appendix to this Order is made pursuant to the GCA provisions approved by the Commission in its Order in Case No. 9029 dated October 24, 1984 and should be approved to be effective with bills rendered on and after June 1, 1990.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are hereby authorized effective with bills rendered on and after June 1, 1990.

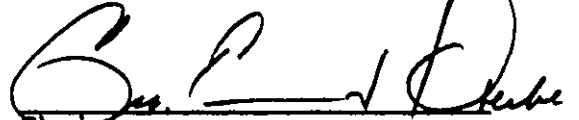
(2) The gas cost recovery rate for exempt customers shall be \$2.947 per Mcf.

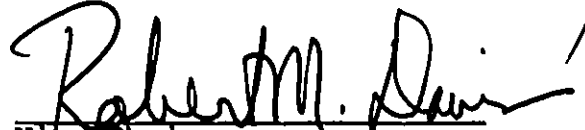
(3) Within 30 days of the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.


(4) Within 20 days of the date of this Order, ULH&P shall file detailed support for its actual adjustment as ordered in Case No. 9029-M and as provided in each successive filing.

Done at Frankfort, Kentucky, this 30th day of May, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 9029-W DATED 5/30/90

The following rates and charges are prescribed for the customers served by The Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATE GS GENERAL SERVICE

Customer Charge per month:

Residential Service	\$4.50
Non-Residential Service	\$6.00

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
All Gas Used	13.91¢ plus	29.47¢	equals 43.38¢ per 100 cu. ft.

Minimum Bill: The minimum monthly charge shall be the customer charge as stated above.

The "Gas Cost Adjustment" as shown above is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.

RATE F

Special Contract - Firm Use

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
All Gas Used	7.39¢ plus	29.47¢	equals 36.86¢ per 100 cu. ft.

The "Gas Cost Adjustment" as shown above is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.

RATE OP
OFF PEAK

NET MONTHLY BILL

Computed in accordance with the following charges:

(1) Firm Use shall be billed in accordance with Rate GS, General Service;

(2) Off Peak Gas (i.e., Gas in excess of Firm Use) shall be billed in accordance with the following:

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
All Gas Used	4.42¢	plus 29.47¢	equals	33.89¢ per 100 cu. ft.

The "Gas Cost Adjustment" as shown above is an adjustment per 100 cubic feet determined in accordance with the "Gas Cost Adjustment Clause" set forth on Sheet No. 19 of this tariff.

RIDER T-O-P
TAKE-OR-PAY RECOVERY CHARGE

The T-O-P charge to be billed during the revenue months of March, April, and May 1990 is 8.7 cents per 1,000 cubic feet.